

#### CLAUSE I-4 – ADMINISTRATION OF COST ACCOUNTING STANDARDS (August 2002)

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this subcontract, the Subcontractor shall take the steps outlined in paragraphs (a) through (g) of this clause:

- (a) Submit to the Subcontracting Officer a description of any cost accounting practice change, the total potential impact of the change on subcontracts containing a CAS clause, and a general dollar magnitude of the change, which identifies the potential shift of costs between CAS-covered subcontracts by subcontract type (i.e., firm-fixed-price, incentive, cost-plus-fixed-fee, etc.) and other Subcontractor business activity. As related to CAS-covered subcontracts, the analysis should identify the potential impact of funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:
  - (1) For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the CAS clause, within 60 days (or such other date as may be mutually agreed to) after award of a subcontract requiring this change.
  - (2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (a)(4)(iii) of the CAS clause or with subparagraph (a)(3) of the Disclosure and Consistency of Cost Accounting Practices clause, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
  - (3) For any failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the CAS clause or by subparagraph (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause, within 60 days (or such other date as may be mutually agreed to) after the date of agreement of noncompliance or in the event of Subcontractor disagreement with the initial finding of noncompliance, within 60 days of the date the Subcontractor is notified by the Subcontracting Officer of the determination of noncompliance.
- (b) After an ACO determination of materiality, submit a cost impact proposal in the form and manner specified by the Subcontracting Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to paragraph (a) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered subcontract and lower-tier subcontract.
  - (1) Cost impact proposals submitted for changes in cost accounting practices required to comply with a new CAS in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the CAS clause, shall identify the applicable standard and all subcontracts and lower-tier subcontracts containing the clause in this subcontract entitled Cost Accounting Standards, which have an award date before the effective date of that standard.
  - (2) Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the CAS clause, or with subparagraph (a)(3) of the Disclosure and Consistency of Cost Accounting Practices clause, shall identify all subcontracts and lower-tier subcontracts containing the clause at FAR 52.230-2, Cost Accounting Standards, and at AR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.
  - (3) Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the CAS clause, or by subparagraph (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause, shall identify the cost impact on each separate CAS covered subcontract from the date of failure to comply until the noncompliance is corrected.
- (c) If the submissions required by paragraphs (a) and (b) of this clause are not submitted within the specified time, or any extension granted by the Subcontracting Officer, an amount not to exceed 10 percent of each subsequent amount determined payable related to the Subcontractor's CAS-covered prime contracts, up to the estimated general dollar magnitude of the cost impact, may be withheld until such time as the required submission has been provided in the form and manner specified by the Subcontracting Officer.
- (d) Agree to appropriate subcontract and lower-tier subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the CAS clause or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause.
- (e) For all lower-tier subcontracts subject either to the CAS clause or to the Disclosure and Consistency of Cost Accounting Practices clause –

- (1) So state in the body of the lower-tier subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and
- (2) Include the substance of this clause in all negotiated lower-tier subcontracts. In addition, within 30 days after award of the lower-tier subcontract, submit the following information to the Subcontractor's cognizant subcontract administration office for transmittal to the subcontract administrative office cognizant of the lower-tier subcontractor's facility:
  - (i) Lower-tier subcontractor's name and subcontract number.
  - (ii) Dollar amount and date of award.
  - (iii) Name of Subcontractor making the award.
  - (iv) Any changes the lower-tier subcontractor has made or proposes to make to cost accounting practices that affect prime subcontracts or lower-tier subcontracts containing the CAS clause or Disclosure and Consistency of Cost Accounting Practices clause, unless these changes have already been reported
- (f) Notify the Subcontracting Officer in writing of any adjustments required to lower-tier subcontracts under this subcontract and agree to an adjustment, based on them, to this Subcontractor's price or estimated cost and fee. This notice is due within 30 days after proposed lower-tier subcontract adjustments are received and shall include a proposal for adjusting the higher-tier subcontract or the prime subcontract appropriately.
- (g) For lower-tier subcontracts containing the CAS clause, require the lower-tier subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the lower-tier subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.